

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**  
**DOCKET NO. 2006-154-C**

IN RE:

Application of Managed Services, Incorporated for a	)	
Certificate of Public Convenience and Necessity to	)	
Provide Facilities-Based Local Exchange, and Resold	)	<b>STIPULATION</b>
Local Exchange Services, Resold Long Distance	)	
Telecommunications Services and for Flexible Regulation	)	
of Its Local Exchange Services and Alternative Regulation	)	
of Its Long Distance Service Offerings	)	

This Settlement Agreement ("Settlement Agreement") is made by and among the Office of Regulatory Staff ("ORS") and Managed Services, Incorporated ("MSI" or "the Company"), (collectively referred to as the "Parties" or sometimes individually as "Party");

WHEREAS, on June 9, 2006, MSI filed its Application requesting a Certificate of Public Convenience and Necessity to Provide Facilities-Based Local Exchange, and Resold Local Exchange Services, Resold Long Distance Telecommunications Services and for Flexible Regulation of its Local Exchange Services and Alternative Regulation of its Long Distance Service Offerings consistent with the procedures established in Order No. 98-165 in Docket No. 97-467-C, and for alternative regulation of its interexchange services consistent with the procedures approved by Order Nos. 95-1734 and 96-55 in Docket No. 95-661 and as modified by Order No. 2001-997 in Docket No. 2000-407-C. MSI also proposes to offer resold and facilities-based interexchange and local exchange

services to residential and business customers in the state of South Carolina. MSI intends to provide local exchange services, custom calling features, and bundled services such as local and long distance services in a combined package. In addition, the Company will provide to its Customers additional custom calling features, access to emergency call services (e.g. 911), directory assistance and other ancillary services. MSI also proposes to offer resold inbound and outbound interexchange telecommunications services and operator-assisted services to its presubscribed Customers. The Company also plans to commence offering services immediately upon the execution of the appropriate and necessary interconnection agreements with the appropriate Incumbent Local Exchange Carriers ("ILECs"). Local exchange services will be provided in the geographic areas served by various ILECs. Interexchange service will be offered on a statewide basis.

WHEREAS, on June 14, 2006, the Office of Regulatory Staff ("ORS") filed a Notice of Appearance in this matter;

WHEREAS, on June 15, 2006, the Public Service Commission of South Carolina (the "Commission") issued a Notice of Filing and Hearing and set return dates for the hearing in the above captioned matter scheduled to be heard before a Hearing Examiner on September 11, 2006;

WHEREAS, on July 3, 2006, the Commission issued an Order appointing Mr. F. David Butler as the Hearing Examiner in this matter;

WHEREAS, on July 12, 2006, the South Carolina Telephone Coalition ("SCTC") filed a Petition to Intervene in this matter;

WHEREAS, on July 31, 2006, MSI filed a Motion to Amend its Business Plan to replace information previously submitted to the Commission in its original Application;

WHEREAS, on August 2, 2006, MSI pre-filed testimony of Steve Maginnis, President and CEO of Applicant;

WHEREAS, on August 11, 2006, the SCTC filed a stipulation between the SCTC and MSI;

WHEREAS, on August 16, 2006, the Commission issued a Directive by way of the Hearing Examiner, F. David Butler, granting MSI's Motion to Amend its Business Plan;

WHEREAS, the Commission scheduled this matter to be heard before Hearing Examiner F. David Butler on September 11, 2006 at 10:00 a.m.;

WHEREAS, the purpose of this proceeding is to review the application filed by MSI and its request for a Certificate of Public Convenience and Necessity to provide resold and facilities-based interexchange and local exchange telecommunications services to residential and business customers, for flexible regulation of its local exchange service offerings consistent with the procedures approved in Order No. 98-165 in Docket No. 97-467-C, and for alternative regulation approved by Order Nos. 95-1734 and 96-55 in Docket No. 95-661 and as modified by Order No. 2001-997 in Docket No. 2000-407-C.

WHEREAS, since the filing of the notice, ORS has conducted a review of the technical, managerial, and financial expertise of the Company to provide such services;

WHEREAS, ORS has reviewed the Application and the financial data provided by the Company;

WHEREAS, ORS has investigated the services to be offered by MSI and its intended customer service plans;

WHEREAS, ORS has reviewed the proposed tariffs submitted by MSI;

WHEREAS, as a result of its investigations, ORS has determined a) MSI intends to offer resold and facilities-based interexchange and local exchange services, including operator services, to residential and business customers throughout the geographic service territory of various ILECS; b) the Company does not intend to offer prepaid calling cards at this time, but MSI will file the necessary paperwork with the Commission should it decide to offer such service; c) the officer of MSI possesses sufficient technical and managerial abilities to adequately provide the services applied for; d) based upon the information provided and the analysis performed, MSI appears to have access to sufficient financial resources necessary to provide the services proposed in its application; e) the services provided by MSI will meet the service standards required by the Commission; f) the provision of services by the Company will not adversely impact the availability of affordable telecommunications services; g) to the extent it is required to do so by the Commission, MSI will participate in the support of universally available telephone service at affordable rates; and h) the provision of local and interexchange services by MSI will not adversely impact the public interest; i) MSI has initiated negotiations or will initiate negotiations with incumbent local exchange carriers for interconnection agreements applicable to services to be provided in South Carolina; j) MSI does not plan to require deposits or guarantees for new homeowners; and k) MSI will bill its end-user customers directly for its services.

WHEREAS, to ensure compliance with the Commission's statutes and regulations, the Parties have agreed to the following comprehensive settlement of all issues in this docket;

WHEREFORE, in the spirit of compromise, the Parties hereby stipulate and agree to the following terms and conditions:

- 1) The Parties agree that MSI's Application and exhibits to the Application are incorporated into this Stipulation and made a part hereof;
- 2) The Parties agree to stipulate into the record before the Commission this Stipulation. The Parties also agree to stipulate to the pre-filed testimony and exhibit of MSI Witness Steve Maginnis without cross-examination by ORS;
- 3) MSI agrees to provide, and has already submitted, financial data which was originally provided as exhibit C to its Application, but was replaced by MSI's Motion to Amend its Business Plan, which included new financial data in Exhibits 1, 2 and 3 attached thereto and said Motion having been granted by the Commission, and, therefore said financial data is incorporated by reference;
- 4) MSI agrees to comply with South Carolina Code Section § 58-9-300 entitled "Abandonment of Service." Additionally, MSI agrees to adhere to the Federal Communication Commission rule 47 C.F.R. § 64.1190 and 64.1130 regarding preferred carrier freezes and the requirement that the form of the written authorization for the institution of the freeze be a separate or easily separable document. Prior to abandonment of service, MSI shall remove any preferred carrier freeze so as to enable consumers to seamlessly transfer their telephone numbers to another provider;

- 5) The Company agrees to comply with Title 23, Chapter 47 of the South Carolina Code Annotated, which governs the establishment and implementation of a "Public Safety Communications Center," also known as 911 services." At that time, the Company agrees to contact the appropriate authorities regarding 911 services in the counties and cities where the Company will be operating prior to initiating local service in South Carolina and shall provide the 911 coordinator in each county and/or city with information regarding the Company's operations. Attached as Exhibit 1 to this Stipulation is a memorandum from the State 911 Office which provides contact information for the County 911 Coordinators;
- 6) The Parties agree that the Company should be granted a Certificate of Public Convenience and Necessity to provide facilities-based local exchange service, resold long distance service and access service within the state of South Carolina;
- 7) ORS does not oppose the Company's request for waiver of (a) 26 S.C. Code Ann. Regs. 103-62.2.3 (operating area maps), (b) 26 S.C. Code Ann. Regs. 103-631 (publication of directories), and (c) any Commission policies or rules requiring a carrier to maintain its financial records in conformance with the Uniform System of Accounts ("USOA").
- 8) ORS does not oppose the Company's request that its local telecommunications services be regulated in accordance with the principles and procedures established for flexible regulation in Order No.

98-165 in Docket No. 97-467 or that its long distance service offerings be regulated in accordance with the principles and procedures established for alternative regulation in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C as modified by Commission Order No. 2001-997 in Docket No. 2000-407-C;

- 9) MSI agrees to resell the services of only those interexchange carriers authorized to do business in South Carolina by the Commission;
- 10) MSI agrees that the Company will allow an end-user of resold services to access an alternative interexchange carrier or operator service provider if the end-user expresses such a desire;
- 11) MSI agrees to engage in good faith negotiations with non-BellSouth incumbent local exchange carriers whose networks interconnect with BellSouth at the same local tandem regarding traffic exchange;
- 12) The Company agrees to file necessary financial information with the Commission and ORS for universal service fund reporting, annual reporting and/or gross receipts reporting;
- 13) ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code § 58-4-10 (B) (added by Act 175).

S.C. Code § 58-4-10(B)(1) through (3) read in part as follows:

... 'public interest' means a balancing of the following:

- (1) concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) economic development and job attraction and retention in South Carolina; and

(3) preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

ORS believes the Settlement Agreement reached among the Parties serves the public interest as defined above;

- 14) The Parties agree to advocate that the Commission accept and approve this Settlement Agreement in its entirety as a fair, reasonable and full resolution of all issues in the above-captioned proceeding and to take no action inconsistent with its adoption by the Commission. The Parties further agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein.
- 15) The Parties agree that signing this Settlement Agreement will not constrain, inhibit, impair or prejudice their arguments or positions held in other collateral proceedings, nor will it constitute a precedent or evidence of acceptable practice in future proceedings. If the Commission declines to approve the Settlement Agreement in its entirety, then any Party desiring to do so may withdraw from the Settlement Agreement in its entirety without penalty or obligation.
- 16) This Settlement Agreement shall be interpreted according to South Carolina law.

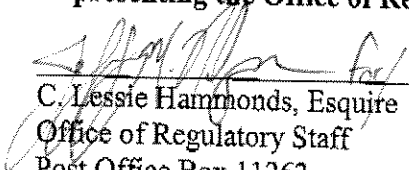


- 17) The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Settlement Agreement by affixing its signature or by authorizing counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and email signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the original signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement. The Parties agree that in the event any Party should fail to indicate its consent to this Settlement Agreement and the terms contained herein, then this Settlement Agreement shall be null and void and will not be binding on any Party.

(SIGNATURE PAGES FOLLOW)

WE AGREE:

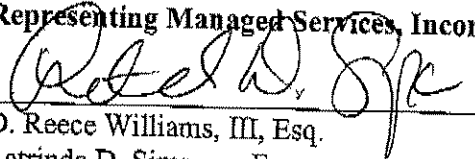
**Representing the Office of Regulatory Staff**

  
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WE AGREE:

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9/5/06  
Date

Attorneys for Managed Services, Incorporated